

Budget Brief – DAS Division of Finance - Mandated

NUMBER CFAS-06-10

SUMMARY

Each year the Legislature funds items that impact several agencies, solve problems that don't apply to any specific agency, or pose a conflict of interest to agency management. For these programs, the Legislature directs the Division of Finance to administer payment under rules established for each appropriation. In the past, the Legislature funded Y2K, critical land issues, and inmate issues by placing the funds in dedicated accounts managed by the Division of Finance.

The Division of Finance manages expenditures as provided by law for each appropriation, but is not empowered to make policy decisions regarding funding in the mandated sections.

This line item currently has only two programs with an ongoing budget – the LeRay McAllister Critical Land Conservation Fund and Retirement Benefits Program.

ISSUES AND RECOMMENDATIONS

LeRay McAllister Fund

The LeRay McAllister Fund went from a base appropriation of \$2,750,000 to \$482,600 during budget cuts. Since then the Legislature has opted to appropriate one-time funds (\$300,000 in the 2004 General Session and \$3,000,000 in the 2005 General Session). Since FY 1999, state funds have been matched by other grants at a 5.5 to 1 (state funds) ratio (see data on the following page under "Accountability Detail"). These additional matching funds do not appear in the state budget but are part of the Quality Growth Commission's grant process. The Analyst recommends the Legislature consider an additional appropriation, one-time and/or ongoing, in FY 2006 and/or FY 2007. The governor recommended \$2,517,400 in one-time funds.

Retirement Benefits Program

House Bill 213, "Unused Sick Leave at Retirement Amendments" included a fiscal note of \$50,000 ongoing General Funds to be appropriated to the Division of Finance and passed through to the Retirement Office to administer retirees' benefits under the new law. The Analyst allocated the funds to a preexisting line item called "Finance Mandated – Retirement" that had been used one time in FY 2002. The Analyst recommends folding this Retirement line item into the main Finance – Mandated line item. It will not change the way the Division of Finance manages expenditures according to the Legislature's mandates, but will remove an unnecessary separate line item.

Figure 1: Administrative Services - Finance - Mandated - Budget History

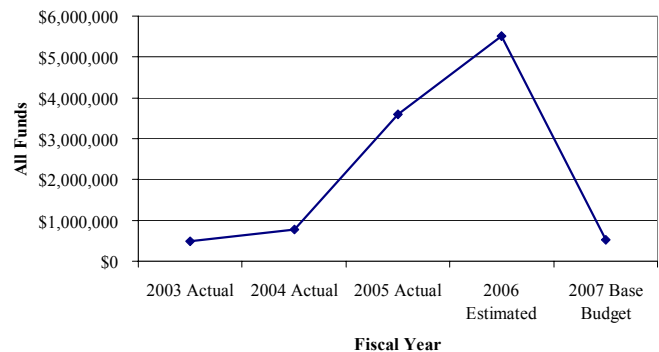
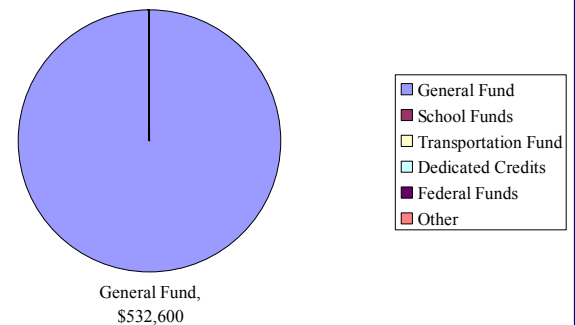


Figure 3: Administrative Services - Finance - Mandated - FY 2007 Funding Mix



Development Zone Partial Rebates

The Division of Finance is required by statute to make partial rebates from the Economic Incentive Restricted Account to certain industries which bring in new state revenues. Documentation is required from the Governor's Office of Economic Development (GOED). Statute requires the account be used for any individual or company that enters into an agreement with GOED and has generated verifiable new state revenues. Partial rebates can only be paid on projects that are within an Aerospace and Aviation Development Zone. For more information please see UCA 63-38f-1303, 1305, and 1309. The 2005 Legislature appropriated \$981,900 one-time. The governor's budget recommends \$1,528,000 for the 2006 General Session.

ACCOUNTABILITY DETAIL***Use of LeRay McAllister Funds since FY 1999***

Since FY 1999 the Quality Growth Commission has authorized 57 projects totaling \$13.1 million in McAllister Fund grants. Partners in open space preservation have contributed over \$5.50 for every dollar of McAllister Fund grants.

Urban	<u>FY99</u>	<u>FY00</u>	<u>FY01</u>	<u>FY02</u>	<u>FY03</u>	<u>FY04</u>	<u>FY05 Award</u>	<u>Total</u>
Projects	2	8	3	1	3	6	6	29
Acreage	164.4	850.3	177.2	2.3	147.3	644.5	1,143.8	3,130
Grant	\$672,000	\$1,658,400	\$849,100	\$45,400	\$220,000	\$628,000	\$1,192,500	\$5,265,400
Match	\$1,845,500	\$8,151,000	\$980,900	\$45,400	\$250,000	\$2,312,000	\$17,675,100	\$31,259,900
Total	\$2,517,500	\$9,809,400	\$1,830,000	\$90,800	\$470,000	\$2,940,000	\$18,867,600	\$36,525,300
Match/Grant	2.75 to 1	4.91 to 1	1.16 to 1	1 to 1	1.14 to 1	3.68 to 1	14.82 to 1	5.94 to 1
Rural	<u>FY99</u>	<u>FY00</u>	<u>FY01</u>	<u>FY02</u>	<u>FY03</u>	<u>FY04</u>	<u>FY05 Award</u>	<u>Total</u>
Projects	3	3	6	3	2	3	8	28
Acreage	7,656.8	5,795.5	14,818.7	1,670.1	430.0	90.0	20,914.7	51,376
Grant	\$1,311,100	\$812,500	\$2,518,600	\$370,200	\$270,000	\$275,000	\$2,245,000	\$7,802,400
Match	\$6,576,000	\$3,791,200	\$12,476,400	\$2,451,000	\$1,770,000	\$870,500	\$13,095,000	\$41,030,100
Total	\$7,887,100	\$4,603,700	\$14,995,000	\$2,821,200	\$2,040,000	\$1,145,500	\$15,340,000	\$48,832,500
Match/Grant	5.02 to 1	4.67 to 1	4.95 to 1	6.62 to 1	6.56 to 1	3.17 to 1	5.83 to 1	5.26 to 1
Total	<u>FY99</u>	<u>FY00</u>	<u>FY01</u>	<u>FY02</u>	<u>FY03</u>	<u>FY04</u>	<u>FY05 Award</u>	<u>Total</u>
Projects	5	11	9	4	5	9	14	57
Acreage	7,821.2	6,645.8	14,995.9	1,672.4	577.3	734.5	22,058.5	54,505.5
Grant	\$1,983,100	\$2,470,900	\$3,367,700	\$415,600	\$490,000	\$903,000	\$3,437,500	\$13,067,800
Match	\$8,421,500	\$11,942,200	\$13,457,300	\$2,496,400	\$2,020,000	\$3,182,500	\$30,770,100	\$72,290,000
Total	\$10,404,600	\$14,413,100	\$16,825,000	\$2,912,000	\$2,510,000	\$4,085,500	\$34,207,600	\$85,357,800
Match/Grant	4.25 to 1	4.83 to 1	4 to 1	6.01 to 1	4.12 to 1	3.52 to 1	8.95 to 1	5.53 to 1

BUDGET DETAIL

House Bill 1011, 2005 First Special Session, amended the sales and use tax code so revenues from the transient room tax can be given to convention facilities, and appropriated \$4,000,000 in one-time funds to the Division of Finance to be transferred to Salt Lake County. The Division of Finance made sure the County met all the conditions of the appropriation before transferring the funds. Although the funds were appropriated in FY 2005 they carried forward into FY 2006 before being transferred.

This line item has oversight of the Utah Navajo Trust Fund. No appropriation is made to the fund.

Budget Recommendation

The Analyst recommends a total FY 2007 base appropriation of \$532,600, entirely from the General Fund. The Analyst further recommends an additional appropriation for the LeRay McAllister Fund as priorities are weighed by the Legislature.

Intent Language

The Analyst recommends the Legislature continue using the following intent language which was approved in House Bill 1, 2005 General Session:

It is the intent of the Legislature that funds for the LeRay McAllister Fund shall not lapse.

LEGISLATIVE ACTION

This section is a summary of what actions might be taken if the Legislature wishes to adopt the recommendations of this brief. The Analyst recommends the Legislature consider:

1. Folding the Finance – Mandated – Retirement line item into the main Finance – Mandated line item.
2. A total base appropriation of \$532,600 for the Division of Finance – Mandated line item.
3. An appropriation increase for the LeRay McAllister Fund.
4. Intent language making the appropriation nonlapsing for the LeRay McAllister Fund.

BUDGET DETAIL TABLE

Administrative Services - Finance - Mandated						
	FY 2005	FY 2006		FY 2006		FY 2007*
Sources of Finance	Actual	Appropriated	Changes	Revised	Changes	Base Budget
General Fund	482,600	532,600	0	532,600	0	532,600
General Fund, One-time	7,000,000	0	0	0	0	0
GFR - Econ Incentive Restricted Acct	0	981,900	0	981,900	(981,900)	0
Beginning Nonlapsing	150,000	0	4,000,000	4,000,000	(4,000,000)	0
Closing Nonlapsing	(4,000,000)	0	0	0	0	0
Lapsing Balance	(38,400)	0	0	0	0	0
Total	\$3,594,200	\$1,514,500	\$4,000,000	\$5,514,500	(\$4,981,900)	\$532,600
Programs						
LeRay McAllister Fund	3,482,600	332,600	0	332,600	150,000	482,600
Convention Facilities	0	0	4,000,000	4,000,000	(4,000,000)	0
Studies	111,600	0	0	0	0	0
Development Zone Partial Rebates	0	981,900	0	981,900	(981,900)	0
Retirement Benefits	0	200,000	0	200,000	(150,000)	50,000
Total	\$3,594,200	\$1,514,500	\$4,000,000	\$5,514,500	(\$4,981,900)	\$532,600
Categories of Expenditure						
Current Expense	111,600	0	0	0	0	0
Other Charges/Pass Thru	3,482,600	1,514,500	4,000,000	5,514,500	(4,981,900)	532,600
Total	\$3,594,200	\$1,514,500	\$4,000,000	\$5,514,500	(\$4,981,900)	\$532,600
*Does not include amounts in excess of subcommittee's state fund allocation that may be recommended by the Fiscal Analyst.						